

# INDAKA MUNICIPALITY



## ANNUAL DRAFT BUDGET

### 2015/2016 TO 2017/2018 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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- *Website: [www.indaka.gov.za](http://www.indaka.gov.za)*

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## B. GLOSSARY OF TERMS AND ABBREVIATIONS

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**Adjustments Budgets** – Prescribed in section 28 of the Municipal Finance Management Act, this is the formal means by which a municipality may revise its budget during a financial year.

**Allocations** – Money received from Provincial and National Treasury.

**Budget** – The financial plan of a municipality.

**Budget related policy** – Policy of a municipality affecting, or affected by, the budget. Examples include tariff policy, rates policy and credit control and debt policy.

**Budget Steering committee** – Committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA.

**Capital Expenditure** – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

**Cash Flow Statement** – A statement showing when actual cash will be received and spent by the municipality, and the month end balances of cash and short-term investments.

**CPI** – Headline Consumer Price Index

**DMTN** – Domestic Medium Term Note

**DORA** – Division of Revenue Act. Annual legislation which shows the allocations from national to local government.

**DORb** – Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.

**Executive Management Team** – A team comprising the Municipal Manager and the Directors. It reports to the Municipal Manager.

**Equitable Share** – A general grant paid to municipalities. It is predominantly targeted at assisting municipalities with the costs of free basic services.

**GDFI** - Gross Domestic Fixed Investment

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

**IDP** – Integrated Development Plan. The main strategic planning document of a municipality. **KPI** – Key Performance Indicators. Measures of service output and/or outcome.

**MFMA** - Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.

**MTREF** – Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years.

**MYPD** – Multi Year Price

Determination **NT** – National

Treasury

**Operating Expenditure** – The day-to-day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

**Portfolio Committee** – In line with Section 79 of the Structures Act, the Municipality's Portfolio Committees process policies and bylaws relating to the functional areas within their terms of reference, and are responsible for implementation monitoring of these, as well as oversight of the functional areas. Portfolio Committees are also responsible for assessing and monitoring services delivery, ensuring that annual budgets are spent wisely, and that there is no wastage or corruption.

**Rates** – Local Government tax based on assessed valuation of a property.

**TMA** – Total Municipal Account

**SCM** - Supply Chain Management

**SDBIP** – Service Delivery Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**SFA** – Strategic Focus Areas. The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these Strategic Focus Areas.

**Vote** – One of the main segments into which a budget is divided, usually at directorate level.

# Part 1 – Draft Annual Budget

## 1.1 Mayor's Report

During the State of the National Address the President remarked that the National Planning Commission had handed over the National Development Plan and the vision of the country for the next 20 years. This plan contains proposals for tackling the problems of poverty, inequality and unemployment. It is a roadmap to where all will have water, electricity, sanitation, jobs, housing, public transport, adequate nutrition, education, social protection, quality healthcare, recreation and a clean environment. The achievement of these goals has proven difficult due to the global economic recession.

The President further stated that government is cracking down on corruption, tender fraud and price fixing in the infrastructure program. Government will be working together to find a solution to youth unemployment by making use of the Expanded Public Works Programme and the Community Work Programme to absorb young people.

We must ensure that the public services we provide our community today can continue to be provided to our people tomorrow. This requires that we have suitable tax policies in place to generate sufficient revenue to pay for these services.

Whilst rural development remain a priority of government, it is crucial that a national integrated urban development framework is developed to assist municipalities to effectively manage rapid urbanisation.

Management within local government has a significant role to play in strengthening the link between the community and governments overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the I n d a k a L o c a l Municipality.

Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities.

The challenge is to do more with the limited resources available. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

We need to work together for a common vision that connects the past to the present to make a better future possible. Change is not just a challenge to government but affects all of society. A new framework for development is an opportunity to unite around an inclusive vision and join hands in constructing a shared future. Working together we can all do better.

Minister Gordhan in the overview of the budget mentioned the following points that are relevant to our budget:

- There are signs of improvement in the world economy, though the outlook remains troubled.
- South Africa's economy has continued to grow, but at a slower rate.
- The budget takes the National Development Plan as its point of departure. The strategic plans of government and the medium-term expenditure plans will be aligned to realise our objectives.
- Government remains committed to a large scale infrastructure investment program.
- A new local government equitable share formula is proposed, providing a subsidy for free basic services designed to reach 59% of households.

We need to invest in infrastructure, raise productivity, create jobs and raise living standards.

While building on our strengths we have to tackle our weaknesses aggressively by professionalising our services and strengthening our accountability. Improving management and enforcing systems to fight corruption.

Improved planning and management of strategic infrastructure projects. By implementing this we can assist in reducing poverty and inequality and this in turn will raise employment and investment into Indaka Local Municipality. development within the area must be coupled with fiscal sustainability, which ensures that progress made will not be interrupted or reversed.

Government continues to direct spending towards environmental programmes, such as installing solar water geysers, procuring renewable energy, cleaning up derelict mines, addressing acid mine drainage, supporting our national parks and saving our rhino population who remain under threat.

The integrated national electrification grant is allocated additional funding to increase the number of new electricity connections over the next three years. The solar water geyser program will also continue until 2015/16.

Money has been taken away from programmes that are not performing or are not aligned to government's core priorities and given to programmes that are delivering as planned.

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that sustainable municipal services are provided economically and equitable to all communities. We must ensure value for money with the greatest possible vigour to ensure rate payers money is well used and not wasted.

On tabling the KZN Provincial Budget, MEC for Finance Ms Ina Cronje mentioned a budget is not just about numbers it also expresses our values and aspirations. Balancing the long and short term is what management is about being able to curtail deficits yet encouraging economic expansion and ensuring sustainable service delivery to all our citizens. The drafting of a budget is an act of humans based on economic projections and predictions requiring careful calculations.

The Provincial priorities are that all new spending is funded through reprioritisation of funds by departments and identification of savings. To ensure sustainability and the promotion of growth the composition of spending has shifted in favour of greater spending on infrastructure and away from consumption spending.



To this the MEC announced the following ways of cutting down on wasteful expenditure:

- A review of all organograms, a head count exercise and a moratorium on the filling of non-critical posts.
- Officials to travel together unless absolutely unavoidable. Where there are same day meetings and where possible officials travel there and back in one day to cut down unnecessary overnight accommodation planning sessions, workshops be held in departmental offices instead of private venues. At these meetings no catering or bottled water may be procured.
- Essential training to be done in-house.
- No team building exercises or year-end/Christmas functions.
- Overtime to be strictly controlled and only used when absolutely essential.

In conclusion the MEC emphasised we need discipline to spend on budgets, obtain clean audits, eliminate unnecessary costs and wastage, get value for money: doing more with less, deal with corruption and deliberate wrong-doing, eliminate unauthorised and irregular expenditure.

One of the priorities is to invest into our infrastructure which is ageing and needs to be updated and maintained. To achieve this we have to improve and encourage investment into the area. We also have to support job creation with focus on unemployed youth who are the future of Indaka Local Municipality, to this extent R 1 million has been allocated by National Treasury to the Expanded Works Program.

One of the focus points of the budget this year is to improve the efficiency of the municipality by redirecting spending to priority areas. Department's budgets have been cut in selected areas and funds shifted towards the key priorities.

**This draft budget has been tabled to the technical CMC meeting on 21 May 2015 in terms of the Section 14 notice on the view of the 2016 amalgamation process.**

**NGIYABONGA**

**THANK YOU**

## 1.2 Council Resolutions

**On 29 MAY 2015 the Council of Indaka Local Municipality met to consider the annual budget of the municipality for the financial year 2015/2016.**

**The council approved and adopted the following resolutions:**

1. The Council of Indaka Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:  
  
The draft annual budget for the financial year 2015/2016; and the multi-year and single-year capital appropriations as set out in the following tables:
  - a) *Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2*
  - b) *Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3*
  - c) *Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4*
  - d) *Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5*
2. The financial position, cash flow budget, cash-backed reserve/accumulates surplus, asset management and basic service delivery targets are approved as set out in the following tables:
  - a) *Budgeted Financial Position as contained in Table A6*
  - b) *Budgeted Cash Flows as contained in Table A7*
  - c) *Cash backed reserves and accumulated surplus reconciliation as contained in Table A8*
  - d) *Asset management as contained in Table A9; and*
  - e) *Basic service delivery measurement as contained in Table A10.*
3. The Council of Indaka Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2015:
  - 3.1 the tariffs for property rates – as set out in Annexure 6
  - 3.2 the tariffs for refuse removal (solid waste)- as set out in Annexure 6
4. the tariffs for other services, as set out in Annexure 6
5. To give proper effect to the municipality's draft annual budget, the Council of Indaka Local Municipality approves:

- a) *That cash backing is implemented through the utilization of a portion of the revenue generated from property rates to ensure that all provisions and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.*
  - b) *Assessment (property) rates policy.*
  - c) *Draft Budget Policy*
  - d) *Asset management policy.*
  - e) *Draft Credit Control and Debt Collection Policy.*
  - f) *Integrated Development Plan.*
  - g) *Banking and investment policy.*
  - i) *SCM Policy*
  - j) *Virement Policy*
6. *The Council of Indaka Local Municipality approves and adopts the Municipal Property Rates By-Law as tabled in terms of the Local Government Property Rates Act, 2004.*
  7. *The Council of Indaka Local Municipality approves and adopts the service level standards as contained in the table attached in terms of National Treasury MTREF Circular 75.*
  8. Service Delivery Plans / Business Plans with measurable targets to be approved by the Mayor within 28 days after the approval of the budget.
  9. The National Treasury Circular 75 ("Municipal Budget Circular for the 2015/2016 MTREF") is annexed to this report for noting.

## 2. EXECUTIVE SUMMARY

### a. General

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The Municipality's service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate funds were transferred from low- to high priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditure on non-essential and 'nice-to-have' items. 2015/16 MTREF was drafted in context of a reviving economy, whilst still acknowledging the lingering effects of the economic downturn of the past couple of years.

The budget for the 2015/16 MTREF period was based on the realization that no, or limited, scope for additional externally- or internally-funded revenue growth existed and was further reiterated in National Treasury guidelines (circular 51,58,59,66,67,72,74 & 75) - *"...over the next few years, government must deliver more services – and deliver them more efficiently – within a tight resource envelope. Achieving this objective requires a new way of working: the budget has been reprioritized so that money is moved from low-priority programmes to high-priority programmes. Municipalities are encouraged to adopt similar stances on these issues. This is particularly important in the run-up to the local government elections. Mayors and Councils need to remain focused on the effective delivery of core municipal services...."*

The budget was compiled by ensuring that the financial management processes are transparent, aligned to the accountability cycle and facilitate good governance that is accountable to the local community.

The budget supports the provision of basic services to the communities, facilitating social and economic development, promoting a safe and healthy environment in a sustainable manner.

National Treasury MFMA Circular 75 were used to guide the compilation of the 2015/2016 MTREF.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarized as follows:

- The ongoing difficulties in the local economy
- Ageing roads and infrastructure
- The need to prioritize projects and expenditure within the existing resources available.
- Affordability of capital projects.
- Wage increases for municipal staff that continued to exceed consumer inflation as well as the need to fill critical vacancies.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustment Budget priorities and targets, as well as the base line allocations contained in the Adjustment Budget.
- Service level standards were used to inform the measurable objectives, targets and backlog eradication goals.
- Tariff and property rate increases should be affordable and try not to exceed inflation as measured by the CPI.
- No budget has been allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the Division of Revenue Act gazette.

In the view of the aforementioned, the following table is a consolidated overview of the proposed 2015/2016 Medium-term Revenue and Expenditure Framework.

	2014/2015 Budget R	2015/2016 Budget R	Year on year
Total Operating Revenue	(101,521,788)	(120,559,236)	-18.75%
Total Operating Expenditure	57,759,902	60,286,744	4.37%
(Surplus)/Deficit for the year	(53,761,886)	(60,272,492)	-12.11%
Total Capital Expenditure	43,562,000	60,201,000	38.19%

#### **b . Operating Budget**

##### **Expenditure**

Total operating expenditure increased from R 57,759 million in 2014/15 to R60,287 million in 2015/16. The overall growth of R2,528 million ( 4.37% ) can be attributed to increases on several expenditure components.

Examples of these are:

	2014/2015 Budget R	2015/2016 Budget R	Year on year
Employee related costs	11,917,642,	12,445,529	4.42%
Remuneration of Councilors	5,784,952	6,001,963	3.75%
Depreciation	11,125,000	13,000,000	16.85%
General Expenditure	26,732,308	26,711,252	-.074%
Repairs and Maintenance	1,200,000	1,128,000	-6.00%
Other expenditure	1,000,000	1,000,000	0.0%
<b>Total Expenditure</b>	<b>57,759,902</b>	<b>60,286,744</b>	<b>4.72%</b>

**Reasons for significant variances:**

**Employment related costs** – The decrease results from the merger with Ladysmith where the filling of vacant and new positions is not allowed.

**Remuneration of Councilors** – The increase results from the provision for an increase.

**Depreciation & Asset Impairment** – The increase results from the adjusted (reduced) life span of certain asset classes and the depreciation impact of major projects as well as the revaluation of certain asset classes to comply with the GRAP standards.

**General Expenditure** - The increase results from increases in various areas.

**Repairs and maintenance** – The decrease results from the fact that rehabilitation of existing roads form part of the capital budget.

**Other expenditure** – This expenditure component is for free basic services.

**The 2015/2016 Operating Budget provides for the following variances on allocations:**

**Revenue**

Total operating revenue increased from R 111,522 million in 2014/15 to R 120,559 million 2015/2016 ( 8.1%)

Major contributing items are:

- An increased allocation in respect of the National Equitable Share allocation (from R 67.26 million (2014/15) to R75.58 million (2015/16))
- An increase in allocation in respect of the D O E allocation (from R 0.00million (2014/15) to R 8.00million (2015/16))

Revenue sources:

	2014/2015 Budget R	2015/2016 Budget R	Year on year
Property Rates tax	3,220,438	3,220,438	0.0%
Rentals	103,350	122,798	18.81%
Services charges – Refuse	195,000	180,000	-7.69%
Interest earned – investments	5,000,000	5,000,000	0.0S%
Grants & Subsidies	71,524,000	81,911,000	14.52%
Grants & Subsidies – capital	21,401,000	30,051,000	40.41%
Grants & Subsidies – capital Roll Over	0,00	0.00	0.0%
Other Revenue	78,000	75,000	6,60%
<b>Total Revenue</b>	<b>101,521,788</b>	<b>120,559,236</b>	<b>18.76%</b>

**Reasons for significant Revenue variances:**

- Rental increased due to new contracts.
- Property rates has not been increased until the Municipality is able to implement a suitable system to facilitate debt collection. Budget has been provided for the system .
- Services charges decreased due to incorrect billing to vacant land.
- Interest on Investments is due to the slow pace of capital expenditure.
- Grants- Dora allocations increased.
- Other revenue increased due to history on tender documents.

**Individual service tariffs / Rates**

The proposed tariff increases in the table below are averages; i.e. some clients may pay more and others less than the average.

Average Tariff increases for 2015/16, 2016/17 and 2017/18:

	2015/16 %	2016/17 %	2017/2018 %
Rates	0.0	5.0	5.0
Refuse Removal	0.0	5.0	5.0

**Rates**

The tariff increase is 0.0%

**Solid Waste**

An average tariff increase of 0.0%.

**c. Capital Budget**

The Capital Budget increased from R 43,562 million in 2014/15 to R 60,016 million in 2015/16. This is an overall decrease of 37.70% which can be attributed by various factors.

- Increased allocations made by National and Provincial spheres of Government for the Roads and electrification.

	2014/15 Budget R	2015/16 Budget R	Increase/Decrease R
Capital Grants	21,401,000	30,051,000	8,647,000
<b>Total</b>	<b>21,401,000</b>	<b>30,051,000</b>	<b>8,647,000</b>

Major capital expenditure is planned in the following areas during the 2015/16 financial year:

Roads –	R 32,004,000
Halls	R 5,047,000
Computer Equipment	R 105,000
Renewal Existing Buildings.	R 2,510,000
Other –	R 20,535,000

The most significant projects are in: Technical Directorate:

- Roads Services:  
Rural Roads & Bridges
- Renewal Existing Assets
- Halls
- Buildings
- Other-  
Computer Equipment  
Office Equipment

New projects (extract) in the 2015/16 Capital Budget:

<b>Project Description</b>	<b>2015/2016 Budget R</b>
Halls	5,047,000
Roads	32,047,000
Buildings	6,200,000
Renewal Existing Buildings	2,510,000
Renewal Existing Roads	8,000,000
Electrification Project	8,000,000
Computer Equipment	490,000
Office Equipment	150,000
Other	4,000,000



### **3. ANNUAL BUDGET TABLES**

#### **Budget schedules to be approved by resolution of Council**

Table A1 -	Budget Summary
Table A2 -	Budgeted Financial Performance (Revenue and Expenditure by classification)
Table A3 -	Budgeted Financial Performance (Revenue and expenditure by municipal vote)
Table A4 -	Budgeted Financial Performance (Revenue and Expenditure)
Table A5 -	Budgeted Capital Expenditure by vote, standard classification and Funding
Table A6 -	Budgeted Financial Position
Table A7 -	Budgeted Cash Flows
Table A8 -	Cash backed reserves/accumulated surplus reconciliation
Table A9 -	Asset Management
Table A10 -	Basic service delivery measurement

## 4. OVERVIEW OF ANNUAL BUDGET PROCESS

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### a. Budget Process Overview

In terms of Section 24 of the MFMA, Council must, at least 30 days before the start of the financial year, consider the annual budget for approval. Section 53 requires the Mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations, gazetted on 17 April 2009, states that the Mayor of a municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

In line with the above requirements, the budget process for the 2015/2016 MTREF period proceeded/will proceed according to the following timeline:

#### **31 March 2015 Draft Budget**

Submit Draft budget, tariffs, SDBIP's to budget committee and Exco for recommendation to Council.

Submit Draft IDP to Exco for recommendation to Council

### b. Integration of the review of the IDP and the preparation of the Budget

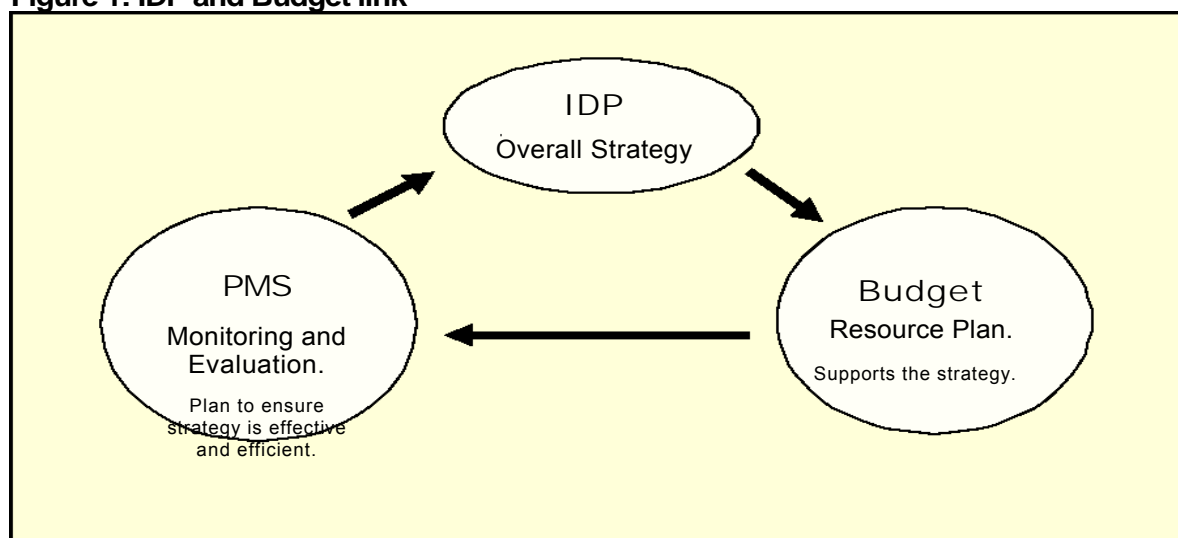
The IDP is the principal strategic planning instrument that guides and informs its planning, management and development actions. This visionary framework is rolled out into objectives, key performance indicators (KPIs) and targets for implementation.

These are then broken down into Service Delivery and Budget Implementation Plans (SDBIPs) that reflect the detailed projects. Each of these projects is allocated budgetary and other resources.

The IDP also informs the municipality's performance management system, as the KPIs are monitored and must be reported on every quarter.

The figure below visually represents the link between the IDP and the Budget and demonstrates how corporate strategy is cascaded towards through the organisation, and how it influences and shapes the operating and capital budgets of the various directorates and departments within the municipality.

**Figure 1: IDP and Budget link**



**c. Consultation with the community and key stakeholders**

The IDP public engagement was held from January 2015 to March 2015.

The tabled budget will be provided to the National and Provincial Treasury for their assessment in accordance with S23 of the MFMA in April 2015.

**d. Schedule of Key Deadlines relating to budget process [MFMA s 21(1)(b)]**

There was no IDP and Budget plan due to management challenges which are dealt with elsewhere.

DATE	ACTIVITY	RESPONSIBILITY
<b>31 March 2015</b>	<b>Draft Budget</b> Submit Draft multi-term operational and capital budget, SDBIP to Council, National and Provincial Treasury, DCGTA Advertise draft budget and tariffs for comment Submit Draft IDP to Council, National and Provincial Treasury & COGTA	<b>CFO</b> <b>MFAS</b> <b>IDP Manager</b>
<b>7 April – 25 April 2015</b>	<b>Public Consultation Process</b> Public Consultation on Draft budget throughout municipality Public Consultation on Draft IDP Advertise both budget and IDP for comment	<b>MAYOR</b> <b>EXCO</b> <b>MM</b> <b>IDP Manager</b>
<b>30 April 2015</b>	<b>Respond to Public Comments</b> Response to public comments and sector comments. Incorporate recommendations into Draft budget and IDP if possible and feasible	<b>MAYOR</b> <b>MFAS</b>
<b>29 May 2015</b>	<b>Approval of Final Draft Budget</b> Approve the Draft multi-term operational and capital budget Approve the Draft IDP	<b>COUNCIL</b>

<b>10 June 2015</b>	<b>Advertising</b> Publication of approved budget. Place on web site Publication of approved IDP. Place on web site	<b>MM</b> <b>MFA</b> <b>S</b>
<b>10 June 2015</b>	<b>Submission of Budget</b> Submit approved budget to National and Provincial Treasury and COGTA. Submit approved IDP to National and Provincial Treasury and COGTA	<b>MFAS</b>  <b>IDP Manager</b>
<b>28 July 2015</b>	<b>Finalise SDBIP</b> Finalise service delivery and budget implementation plan(SDBIP) and submit to Council for approval	<b>MAYO</b> <b>R MM</b>

**5. OVERVIEW OF THE MUNICIPALITY'S INTEGRATED DEVELOPMENT PLAN**  
**a The Vision of the Municipality**

The Municipality's long term vision is:

**"To make the people of Indaka enjoy  
the most improved quality of life and  
community-driven services by 2020"**

**MISSION**

**Indaka Municipality commits to the following:**

- **Creating an environment conducive to economic development and growth.**
- **Making Indaka area a safe and vibrant place to live and work in.**
- **Improved service delivery.**
- **Good governance.**

**b The 5-Year IDP and Strategic Focus Areas**

On 1 July 2012, the Indaka Municipality implemented a new five-year IDP for the period July 2012 to June 2017 to inform and guide the current elected public representatives in their term of office. This document is the last annual review of the IDP, and outlines the Municipality's intent in terms of the agreed strategic focus areas that are required to overcome Indaka challenges, achieve its vision, and give effect to its other strategic considerations.

- Low economic growth and unemployment
- Poor access to basic household services
- High levels of poverty
- Low levels of literacy and skills development
- The issue of HIV / AIDS and other diseases
- Exposure to unacceptably high level of crime and risk
- Unsustainable development practices
- Ineffective, inefficient, inward looking local government

## LOCAL PRIORITIES

- To build a functionally efficient and local government structure
- To maintain financial stability and sustainability
- To create an integrated and efficient spatial structure
- To promote equitable access to infrastructure and basic services
- To improve the standard of living for the entire community of Indaka municipality
- To facilitate economic development and growth

The draft Integrated Development Plan is attached.

### **c Measurable performance objectives and indicators**

The Municipality's measurable performance objectives, as reflected in Support Table SA7 of Schedule A the Municipal Budget and Reporting Regulations, are attached.

## 6. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

### **Key financial indicators and ratios**

## 7. OVERVIEW OF BUDGET-RELATED POLICIES

### **Revenue Framework**

Section 18 of the MFMA states that the budget can only be funded by realistically anticipated revenue to be collected, as well as cash backed accumulated funds from previous years and not committed for other purposes.

In addition, NT Circular 59 stipulates that the budget is to be managed in a full accrual manner, reflecting a transparent budget and accounting system approach.

The MFMA requires the municipality to adopt and implement a tariff policy. Council has approved such policies for all major tariff-funded services provided by the municipality, which are attached as annexures to this document.

Council is required to adopt budgetary provisions based on realistic anticipated revenue for the budget year from each revenue source, as per the requirements of the MFMA (Chapter 4, S17 (1) (a) & (3) (b)).

#### **1. Revenue related policies**

#### **2. General Tariff Policy**

The Municipal System Act requires Council to adopt a Tariff Policy. The general financial management functions covered in section 62 of the MFMA include the implementation of a tariff policy. Specific legislation applicable to each service has been taken into consideration when determining this policy. The General Tariff Policy is attached.

### **Credit Control and Debt Collection Policy**

This Policy has been formulated in terms of section 96 (b) and 98 of the Local Government: Municipal Systems Act, 2000 and the Credit Control and Debt Collection By-Law. The Policy also includes the Indigent Policy .

### **3. Budget related policies**

#### **Approved policies**

The following budget related policies have been approved by Council and is available on the Municipality's website.

- *Assessment (property) rates*
- *Property Rates By-Laws*
- Draft Budget Policy
- Asset management policy.
- Draft Credit Control and Debt Collection Policy .
- Integrated Development Plan.
- Banking and investment policy.
- SCM Policy
- Virement Policy

#### **Reviewed/Amended policies**

There have been no reviewed or amended policies this financial year.

### **8 OVERVIEW OF BUDGET ASSUMPTIONS**

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#### **Environment in which the 2015/16 Budget was prepared**

The MTREF/budget is susceptible to the economic climate and it is therefore vital that the projected economic condition is properly considered during the budget preparation process.

The 2015/2016 MTREF was drafted in context of a reviving economy. Negative impacts of the multi-year recession are however still experienced and reported by both the private and public sectors.

#### **Key economic trends – 2004 to 2015 (Sourced from BER)**

##### **Macro-economic forecast**

In the midst of the recession, GDP was at a deficit of 1.8%; the inflation rate at 11.85%; the R/\$ exchange rate averaged at R 9.40 and interest rate levels averaged at around 4.8%.

The preparation of the 2014/2015 MTREF first draft produced much improved projections; for example - GDP at 2.7%.

Budgetary constraints and economic challenges meant that the Municipality had to apply a combination of cost-saving interventions and higher than headline CPI revenue increases to ensure an affordable, credible and sustainable budget over the 2014/2015 MTREF.

The draft budget for the 2015/2016 MTREF period, resulted from the realization that no, or limited, scope for additional externally- or internally-funded revenue growth existed and the challenge that more needed to be done with the existing resource envelope. This was reiterated in National Treasury Budget Circular 59,66,67,70,72,74&75 as well as a National Treasury presentation to municipalities.

The challenges that faced the Municipality in preparing the 2015/2016 MTREF included:

- In attempting to reduce the high Rates revenue parameter, several interventions to multiyear targets of both revenue and expenditure across services were required, while simultaneously retaining the strategic links to and focus on the draft IDP.
- Substantial, once-off revenue which cover semi-permanent expenditure obligations;
- Persistent staff costs increases over the medium term beyond CPI levels (with inflation linked Revenue increases in corresponding periods).
- The interventions applied to eradicate the above challenges included, amongst others:

### Financial modeling

The Indaka Municipality MTREF model is annually reviewed to determine the most affordable level at which the municipality will be able to operate optimally. In addition, sustainability forms the basis of the preparation of the Operating and Capital Budgets. It sets out the economic context and assumptions that inform the compilation of the next three years' budget.

The principles applied to the MTREF in determining the affordability envelope were:

- Higher than headline CPI revenue increases, to the extent that they affect and support Council's operational activities of relevant services;
- Assumption of a 100% capital expenditure implementation.
- Higher than nationally projected inflation provisions for repairs and maintenance, to attain nationally benchmarked levels on this expenditure item, and ensure/enhance the preservation of the Municipality's infrastructure.

### Key Financial Indicators in the 2014/2015 MTREF Budget

#### Headline Consumer Price Index (CPI) – Inflation

#### Outlook

Fiscal year	2014	2015	2016	2017	2018
Actual		Estimate		Forecast	
Real GDP growth	2.2	1.4	2.0	2.6	3.0
CPI Inflation	5.8	5.6	4.8	5.9	5.6

Headline CPI applied in the 2015/2016 MTREF is 4.8%, 5.9% and 5.6% respectively for the 3- year period. This differs somewhat from the CPI forecasts for the same period. The levels are within the NT and SARB CPI projections (3% to 6% range).



Budgetary allocations within the current financial year (2015/2016) were largely based on a CPI level of 4.8%. The MTREF outer years is proposed to remain at 5.9% and 5.6% respectively.

## **EXPENDITURE FRAMEWORK**

### **Salaries, wages and related staff costs**

The municipality's salary increases applied to the staff budget were as follows:

	<b>BASE BUDGET 2015/2016 %</b>	<b>2015/2016 %</b>	<b>2016/2017 %</b>	<b>2017/2018 %</b>
<b>Salaries</b>		<b>4.4</b>	<b>6.15</b>	<b>5.85</b>

## **Parameters applied to Staff Budget**

The Municipality needs to take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. In the absence of a agreement provision was done in terms of Circular 75.

The average CPI for the period February 2013 to 31 January 2014 is 5.79 per cent which compares well to the estimate of 5.9 per cent for 2013 as provided for in the 2013 Medium Term Budget Policy Statement. The Municipality has been advised to provide for increases related to salaries and wages as follows:

*2015/16 Financial Year – 4.4 per cent*

*2016/17 Financial Year – 6.15 per cent (5.90 per cent plus .25 per cent)*

*2017/18 Financial Year – 5.85 per cent (5.60 per cent plus .25 per cent)*

It is recommended that the projected forecast in Circular 75 be applied to the 2016/17 and 2017/2018 financial years in the absence of a collective Salary and Wage agreement.

The Municipality's salary increase is below 4.4% because the vacant positions have no longer been budgeted for due to the Municipality merging with Ladysmith.

## **Remuneration of councillors**

The Municipality budgeted for the actual costs approved in line with the latest Public Officer Bearers Act issued in December 2014 inclusive with the provision of an increase equal to the estimated CPI inflation over the MTEF.

## **General expenses**

In MFMA Circular No. 70 the Municipality was strongly advised to take note of the Cabinet resolution of 23 October 2013 by which all national and provincial departments, constitutional institutions and all public entities are required to implement cost containment measures with effect of January 2014. The cost containment measures must be implemented to eliminate waste, reprioritize spending and ensure savings on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering and event costs as well as costs for accommodation. Municipalities were subsequently strongly urged to take note of the cost containment measures as approved by Cabinet and align their budgeting policies to these guidelines to the maximum extent possible.

The general expenses base was increased from R 26,732 million to R 27,361 million taking into consideration the advice of the Cabinet resolution.

## **Repairs and Maintenance**

The National Treasury Municipal Budget Circular for the 2015/2016 MTREF stated that "municipalities must *secure the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance*". The Municipality has, over the last three financial years, consistently increased the investment in repairs and maintenance by above CPI.

## **REVENUE FRAMEWORK Service growth**

The current unstable economic climate has restricted any material service growth.

## **Revenue growth parameters: Rates and trading services**

No increases were applied to the 2015/16 MTREF which informs the tariff increases reflected in the Total Municipal Account (TMA):

## Revenue growth parameters: Rates and trading services

Ensuring an affordable and sustainable budget necessitated a higher than CPI year-on-year revenue growth to be applied to the Rates and Trading services.

The following revenue parameter increases were applied to the 2015/16 MTREF which informs the tariff increases reflected in the Total Municipal Account (TMA):

- *Rates:* With the backdrop of the current economic climate and other cost pressures negatively impacting on the budget, the rates revenue increase was 0.0%.
- *Refuse Removal:* This revenue parameter increase was model at 0.0%.

The revenue parameters applied will generate the following revenue parameters:

REVENUE CATEGORY	ADJUSTMENT BUDGET 2014/2015 R'000	ORGANIC GROWTH PARAMETERS	AVERAGE TARIFF INCREASE	2015/2016 BUDGETED REVENUE R'000
Rates	3,220,438	5.6%	0.0%	3,220,438
Refuse	195,000	5.6%	0.0%	180,000

## Collection rate

In accordance with relevant legislation and national directives, the Municipality's projected revenue recovery rates are based on realistic and sustainable trends. In calculating the working capital reserve the following collection ratios were applied as per the table below.

SERVICE	BASE BUDGET 2014/15 %	2015/16 %	2016/17 %	2017/18 %
Rates and Services	12.00	15.0	18.0	20.0

## Projected collection rates

The total collection rate for 2015/2016 averages 15.0% and is based on a combination of actual collection rates achieved to date and the estimated outcomes for the current financial period. The projections for the outer years remained stable.

## NATIONAL GRANTS

### Equitable Share

The Constitution provides that each sphere of government is entitled to an equitable share of revenue raised nationally to enable it to provide basic services and perform the functions allocated to it. The equitable division of revenue takes into account the functions assigned to each sphere under the Constitution and the capacity of each government to pay for these functions through own receipts and revenues.

The local government equitable share allocations supplement municipalities' own revenue sources for the provision of basic services to poor households within their areas of jurisdiction. The equitable share per municipality is calculated using the following equation:

## **Equitable Share equation**

Initiatives are currently being pursued to assess the application of the equation for the Indaka Municipality to ensure that the allocation received by Indaka is equitable and fair. The annual Division of Revenue Act (DORA) publishes the equitable share allocations. The following indicative allocations, as published in the 2015/2016 DORA, were provided as follows:

- 2015/2016 – R 75,580 million
- 2016/2017 – R 73,830 million
- 2017/2018 – R 70,701 million

## **Interest rates**

Average interest rates over the 2015/2016 MTREF period Interest on investments – 6.8%.

## **Depreciation**

Depreciation was calculated on a straight line method based on the lifespan of the asset class and capitalization date. For multi-year projects it was assumed that capitalization will only take place when the project is completed and depreciation will take effect then.

## 9. OVERVIEW OF BUDGET FUNDING

### 1. 2015/2016 and 2016/2017 to 2017/2018 projected financial performance

#### 1.1. Operating Budget

Total operating revenue increased from R 111,521,788 million in 2014/15 to R 120,569,236 million 2015/2016 ( 8.11%)

#### 1.2. Capital Budget

The Capital Budget increased from R 53,562 million in 2014/15 to R 60,201 million in 2015/16. This is an overall decrease of 12.39% which can be attributed by various factors.

Major capital expenditure is planned in the following areas during the 2014/15 financial year:

- Roads – R 32,004,000
- Halls R 5,047,000
- Buildings – R 6,200,000
- Office Equipment R 150,000
- Computer Equipment R 490,000
- Renewal Existing Buildings. R 2,510,000
- Renewal Existing Roads R 8,000,000
- Electrification Project R 8,000,000
- Other – R 4,000,000

The most significant projects are in: Technical Directorate:

Roads Services:  
Rural Roads & Bridges  
Renewal Existing Assets  
Halls  
Buildings  
Other-  
Computer Equipment  
Office Equipment

### 2. Medium Term Outlook: 2015/2016 to 2017/2018

#### Operating Budget

The table below reflects the increase in the operating budget in the medium term:

	2015/2016 R	2016/2017 R	2017/2018 R
Operating Budget	62,890,639	66,647,305	70,428,509

## Capital Budget

The table below reflects the capital budget and its funding sources in the medium term:

	<b>2014/2015</b> <b>R</b>	<b>2015/2016</b> <b>R</b>	<b>2016/2017</b> <b>R</b>
Capital Budget	43,562,000	60,201,000	44,497,500
Funding Source:			
MIG	21,401,000	22,051,000	21,787,000
DOE		8,000,000	
Own Revenue	22,639,000	30,150,000	21,710,500

The funding sources listed below are appropriated towards the following major projects on the capital budget:

### National Grant Funded

- Rural Roads and Bridges
- Electrification of Houses

### Own Revenue

- Own Revenue

## 3 Sources of Funding

### Rates, tariffs and other charges

#### Property Tax Rates

The proposed property rates are to be levied in accordance with existing Council policies, the Local Government Municipal Property Rates Act 2004 (MPRA) and the Local Government Municipal Finance Management Act 2003.

The proposed average rates increase is 0.0% for all categories of Properties.

Property tax rates are based on values indicated in the General Valuation Roll 2011(GV).

The Roll is updated for properties affected by land sub-divisions, alterations to buildings, demolitions and new buildings (improvements) through Supplemental Valuation Rolls. All values are as at the date of the GV, being 1 July 2011.

Rebates and concessions are granted to certain categories of property usage and/or property owner.

The definitions and listing of categories are reflected in the Rates Policy attached as Annexure 7.

## **Management**

The Solid Waste Tariffs are levied to recover costs of services provided directly to customers. It is proposed that the Tariffs increase (within CPI) by 0.0%.

The New/Changed Tariffs and amendments to the existing Tariff Policy are reflected in Annexure 5.

## **Tariffs and Charges Book**

Council is permitted to levy rates, tariffs, fees and charges in accordance with the Local Government Municipal Property Rates Act, the Local Government: Municipal Systems Act, Act 32 of 2000, Section 75A and the Municipal Finance Management Act, No. 56 of 2003, 17(a)(ii).

The Tariffs and Charges Book is attached as Annexure 4 and contains all levies, rates and service charges determined for all functions or services performed by the municipality for which a charge is made.

An average growth parameter of 5.6% was applied to all the miscellaneous tariffs. All

Levies, Rates and Service Charges are determined in compliance with:

- Local Government Municipal Property Rates Act 2004
- Municipal Finance Management Act 56 of 2003
- Local Government Municipal Systems Act 32 of 2000

## **4. Investments**

Monetary investments by maturity date

## **5. Long – Term investments and loans**

No new borrowings are proposed for the MTEF budget period

## 6. Grant Allocations

### National Allocations

The table below reflects the grant allocations in terms of the 2015 Division of Revenue Bill) that have been included in this medium term budget:

<b>NATIONAL GRANTS</b>	<b>2015/2016 R</b>	<b>2016/2017 R</b>	<b>2017/2018 R</b>
FINANCIAL MANAGEMENT GRANT	1,800,000	1,825,000	1,900,000
NATIONAL ELECTRIFICATION PROGRAMME	8,000,000		7,000,000
EQUITABLE SHARE	75,580,000	73,820,000	70,701,000
MUNICIPAL SYSTEMS IMPROVEMENT	930,000	957,000	1,033,000
MUNICIPAL INFRASTRUCTURE GRANT(MIG)	22,051,000	22,787,000	23,890,000
MUNICIPAL DEMARCATION TRANSITIONAL GRANT	1,857,000		
EXPANDED PUBLIC WORKS PROGRAM	1,000,000		
<b>TOTAL</b>	<b>111,218,000</b>	<b>99,389,000</b>	<b>104,524,000</b>

### Provincial Allocations

The table below reflects the grants allocated in terms of the Provincial Gazette that have been included in this medium term budget:

<b>PROVINCIAL GRANTS</b>	<b>2015/2016 R</b>	<b>2016/2017 R</b>	<b>2017/2018 R</b>
PROVINCIALISATION OF LIBRARIES	553,000	582,000	612,000
COMMUNITY LIBRARY SERVICE GRANT	191,000	201,000	212,000
INFRASTRUCTURE- SPORT FACILITIES			
<b>TOTAL</b>	<b>744,000</b>	<b>783,000</b>	<b>824,000</b>



## 10. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

**Table SA 19**

KZN233 Indaka - Supporting Table SA19 Expenditure on transfers and grant programme

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
<b>EXPENDITURE:</b>									
<b>- Operating expenditure of Transfers and Grants</b>									
National Government:	55,292	61,907	66,727	70,989	70,989	70,989	81,167	76,602	73,634
Local Government Equitable Share	53,002	59,607	63,187	67,255	67,255	67,255	75,580	73,820	70,701
Finance Management	1,500	1,500	1,650	1,800	1,800	1,800	1,800	1,825	1,900
Municipal Systems Improvement	790	800	890	934	934	934	930	957	1,033
EPWP Incentive			1,000	1,000	1,000	1,000	1,000		
Municipal demarcation transition grant							1,857		
Provincial Government:	383	335	514	831	535	535	744	783	824
Sport and Recreation				150					
Library	383	335	514	681	535	535	744	783	824
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
<b>Total operating expenditure of Transfers and Grants:</b>	<b>55,675</b>	<b>62,242</b>	<b>67,241</b>	<b>71,820</b>	<b>71,524</b>	<b>71,524</b>	<b>81,911</b>	<b>77,385</b>	<b>74,458</b>
<b>Capital expenditure of Transfers and Grants</b>									
National Government:	23,770	25,343	27,464	21,401	31,401	31,401	30,051	22,787	30,890
Municipal Infrastructure Grant (MIG)	16,770	20,343	20,464	21,401	31,401	31,401	22,051	22,787	23,890
Regional Bulk Infrastructure	7,000	5,000	7,000				8,000		7,000
Other capital transfers/grants [insert desc]									
Provincial Government:	-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]									
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
<b>Total capital expenditure of Transfers and Grants</b>	<b>23,770</b>	<b>25,343</b>	<b>27,464</b>	<b>21,401</b>	<b>31,401</b>	<b>31,401</b>	<b>30,051</b>	<b>22,787</b>	<b>30,890</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>79,445</b>	<b>87,585</b>	<b>94,705</b>	<b>93,221</b>	<b>102,925</b>	<b>102,925</b>	<b>111,962</b>	<b>100,172</b>	<b>105,348</b>

## 11. ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Section 67 grants are allocations of funds, from the Municipality's annual operating budget, to organizations or bodies outside any sphere of government. These allocations are gratuitous or unrequited transfers by the Municipality to the grantee organizations and are not payments made in compliance with any commercial or other business transaction.

They provide organizations with funds for carrying out projects, which assist the Municipality in exercising its Constitutional powers and functions which include any additional competencies that may be assigned to the Municipality by National or Provincial Government.

Section 16(2) of the MFMA provides that the mayor must table the annual budget at a Council meeting at least 90 days before the start of a budget year whilst Section 17(3) (j) (iv) provides that when that budget is tabled it must include particulars of any proposed allocations or grants to any organization or body referred to in Section 67.

## 12. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW.

**Table SA30**

KZN233 Indaka - Supporting Table SA30 Budgeted  
monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015 /16	Budget Year +1 2016 /17	Budget Year +2 2017 /18
<b>Cash Receipts By Source</b>													1		
Property rates	1	2,302	0	2	1	1	0	9	1	1	1	1	2,320	2,320	2,320
Property rates - penalties & collection charges													-	-	-
Service charges - electricity revenue													-	-	-
Service charges - water revenue													-	-	-
Service charges - sanitation revenue													-	-	-
Service charges - refuse revenue	1	1	0	1	0	1	1	1	0	0	0	1	8	8	8
Service charges - other													-	-	-
Rental of facilities and equipment	11	11	11	11	11	11	11	11	11	11	11	11	127	127	127
Interest earned - external investments	417	417	417	417	417	417	417	417	417	417	417	417	5,000	5,000	5,000
Interest earned - outstanding debtors													-	-	-
Dividends received													-	-	-
Fines													-	-	-
Licences and permits													-	-	-
Agency services													-	-	-
Transfer receipts - operational												81,921	81,921	77,385	74,458
Other revenue	6	6	6	6	6	6	6	6	6	6	6	6	70	71	71
<b>Cash Receipts by Source</b>	<b>435</b>	<b>2,737</b>	<b>434</b>	<b>435</b>	<b>434</b>	<b>435</b>	<b>434</b>	<b>444</b>	<b>434</b>	<b>434</b>	<b>435</b>	<b>82,356</b>	<b>89,446</b>	<b>84,911</b>	<b>81,984</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	2,500	1,875	2,567	1,245	1,000	2,750	1,450	1,780	1,980	1,675	2,000	9,229	30,051	22,787	30,890
Contributions recognised - capital & Contributed assets													-	-	-
Proceeds on disposal of PPE													-	-	-
Short term loans													-	-	-
Borrowing long term/refinancing													-	-	-
Increase (decrease) in consumer deposits													-	-	-
Decrease (Increase) in non-current													-	-	-

debtors															
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
<b>Total Cash Receipts by Source</b>	<b>2,935</b>	<b>4,612</b>	<b>3,001</b>	<b>1,680</b>	<b>1,434</b>	<b>3,185</b>	<b>1,884</b>	<b>2,224</b>	<b>2,414</b>	<b>2,109</b>	<b>2,435</b>	<b>91,585</b>	<b>119,497</b>	<b>107,698</b>	<b>112,874</b>
<b>Cash Payments by Type</b>															
Employee related costs	916	916	916	916	1,832	916	916	916	916	916	916	919	11,911	12,643	13,383
Remuneration of councillors	505	505	505	505	505	505	505	505	505	505	505	509	6,064	6,437	6,813
Finance charges												180	180	191	201
Bulk purchases - Electricity												-			
Bulk purchases - Water & Sewer												-			
Other materials												-			
Contracted services	741	741	741	741	741	741	741	741	741	741	741	745	8,896	9,421	9,949
Transfers and grants - other municipalities												-			
Transfers and grants - other	83	83	83	83	83	83	83	83	83	83	83	87	1,000	1,059	1,118
Other expenditure												18,738	18,738	19,844	20,955
<b>Cash Payments by Type</b>	<b>2,245</b>	<b>2,245</b>	<b>2,245</b>	<b>2,245</b>	<b>3,161</b>	<b>2,245</b>	<b>2,245</b>	<b>2,245</b>	<b>2,245</b>	<b>2,245</b>	<b>2,245</b>	<b>21,178</b>	<b>46,789</b>	<b>49,594</b>	<b>52,419</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	5,325	5,194	7,437	5,458	3,687	5,990	3,200	4,740	2,442	2,545	2,410	11,774	60,201	43,498	43,732
Repayment of borrowing												190	190	190	190
Other Cash Flows/Payments												-			
<b>Total Cash Payments by Type</b>	<b>7,570</b>	<b>7,439</b>	<b>9,682</b>	<b>7,703</b>	<b>6,848</b>	<b>8,235</b>	<b>5,445</b>	<b>6,985</b>	<b>4,687</b>	<b>4,790</b>	<b>4,655</b>	<b>33,142</b>	<b>107,180</b>	<b>93,282</b>	<b>96,342</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(4,634)</b>	<b>(2,827)</b>	<b>(6,681)</b>	<b>(6,022)</b>	<b>(5,414)</b>	<b>(5,050)</b>	<b>(3,561)</b>	<b>(4,761)</b>	<b>(2,273)</b>	<b>(2,681)</b>	<b>(2,220)</b>	<b>58,443</b>	<b>12,317</b>	<b>14,416</b>	<b>16,533</b>
Cash/cash equivalents at the month/year begin:	132,055	127,421	124,594	117,913	111,891	106,477	101,427	97,866	93,104	90,831	88,150	85,930	132,055	144,372	158,788
Cash/cash equivalents at the month/year end:	127,421	124,594	117,913	111,891	106,477	101,427	97,866	93,104	90,831	88,150	85,930	144,372	144,372	158,788	175,321

The rates and service charges estimated revenue was based on the previous years' trend. Most of the revenue collected from rates is from the Department of Public Works.

Rental collection, interest received, operational grants and other income is calculated at 100% collection rate. This has also been calculated using the passed years' trends.

All expenditure has been calculated using the worst case scenario of 100%.

### 13. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

**Table SA23**

KZN233 Indaka - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
<b>Councillors</b>							
Speaker		583,677					583,677
Chief Whip							-
Executive Mayor		724,150					724,150
Deputy Executive Mayor		583,677					583,677
Executive Committee		623,024					623,024
Total for all other councillors		3,487,434					3,487,434
<b>Total Councillors</b>		<b>6,001,962</b>	<b>-</b>	<b>-</b>			<b>6,001,962</b>

-						
<b>Senior Managers of the Municipality</b>						
Municipal Manager (MM)	780,421	1,943	27,562	65,035		874,961
Chief Finance Officer	663,358	1,948	22,550	55,280		743,137
Corporate Services	663,358	1,948	22,550	55,280		743,137
Technical	663,358	1,948	22,550	55,280		743,137
						-
						-
<b>Total Senior Managers of the Municipality</b>	<b>-</b>	<b>2,770,496</b>	<b>7,787</b>	<b>95,213</b>	<b>230,875</b>	<b>3,104,370</b>
<b>Total for municipal entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>-</b>	<b>8,772,458</b>	<b>7,787</b>	<b>95,213</b>	<b>230,875</b>	<b>9,106,332</b>

#### 14. ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS INTERNAL DEPARTMENTS

In terms of Section 53 (1) (c) (ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate the following –

- (a) Projections for each month of
  - Revenue to be collected, by source; and
  - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter, and
- (c) Other matters prescribed.

The Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days of the date of approval of the budget. In addition, the Mayor must ensure that the revenue and expenditure projections for each month, and the service delivery targets and performance indicators as set out in the SDBIP, are made public within 14 days of its approval.

The SDBIP gives effect to the Integrated Development Plan and the budget of the municipality. It is an expression of the objectives of the Municipality in quantifiable outcomes, which will be implemented by the administration for the financial period from 1 July 2011 to 30 June 2012 (the Municipal financial year). It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of the financial and non-financial performance of the municipality and allows the Municipal Manager to monitor the performance of the Directors, the Mayor/Council to monitor the performance of the Municipal Manager, and the Community to monitor the performance of the Municipal Government. For the 2015/2016 financial year, the SDBIP will be approved by the Mayor following approval of the Budget.

#### 15. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

##### Table SA33

The Municipality is merging with Ladysmith and may not enter into contracts with future budgetary implications

## 16. RECONCILIATION OF IDP STRATEGIC OBJECTIVES AND CAPITAL BUDGET

**Table A6**

KZN233 Indaka - Table A6 Budgeted Financial Position

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	1,581	20,743	60,826	9,367	9,367	9,367	9,367	4,388	12,487	12,752
Call investment deposits	26,303	42,014	42,348	39,930	122,688	122,688	122,688	139,984	140,000	150,000
Consumer debtors	244	1,221	1,779	1,313	999	999	999	1,191	1,486	1,897
Other debtors	285	3,666	980	1,888	1,888	1,888	1,888	980	850	785
Current portion of long-term receivables	2,082									
Inventory	54	175	69	248	248	248	248	128	58	72
<b>Total current assets</b>	<b>30,549</b>	<b>67,819</b>	<b>106,002</b>	<b>52,746</b>	<b>135,190</b>	<b>135,190</b>	<b>135,190</b>	<b>146,671</b>	<b>154,881</b>	<b>165,506</b>
<b>Non current assets</b>										
Long-term receivables										
Investments	254									
Investment property		277								
Investment in Associate										
Property, plant and equipment	56,613	72,986	88,810	115,532	130,858	130,858	130,858	178,059	207,790	236,984
Agricultural										
Biological	677									
Intangible	17	10								
Other non-current assets		677								
<b>Total non current assets</b>	<b>57,561</b>	<b>73,949</b>	<b>88,810</b>	<b>115,532</b>	<b>130,858</b>	<b>130,858</b>	<b>130,858</b>	<b>178,059</b>	<b>207,790</b>	<b>236,984</b>
<b>TOTAL ASSETS</b>	<b>88,109</b>	<b>141,769</b>	<b>194,812</b>	<b>168,278</b>	<b>266,048</b>	<b>266,048</b>	<b>266,048</b>	<b>324,730</b>	<b>362,671</b>	<b>402,490</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing	436	364	271	169	182	182	182	190	190	190
Consumer deposits	1	6	6	6	6	6	6			
Trade and other payables	16,531	19,507	18,452	5,885	7,376	7,376	7,376	8,227	7,857	8,767
Provisions	250	569	183	500	73	73	73			
<b>Total current liabilities</b>	<b>17,219</b>	<b>20,446</b>	<b>18,912</b>	<b>6,560</b>	<b>7,637</b>	<b>7,637</b>	<b>7,637</b>	<b>8,417</b>	<b>8,047</b>	<b>8,957</b>
<b>Non current liabilities</b>										
Borrowing	4,124	3,760	3,489	3,497	3,397	3,397	3,397	3,297	3,197	3,097
Provisions	501	852	1,419	2,215	1,530	1,530	1,530	1,730	1,942	2,165
<b>Total non current liabilities</b>	<b>4,625</b>	<b>4,612</b>	<b>4,907</b>	<b>5,713</b>	<b>4,927</b>	<b>4,927</b>	<b>4,927</b>	<b>5,027</b>	<b>5,139</b>	<b>5,262</b>
<b>TOTAL LIABILITIES</b>	<b>21,844</b>	<b>25,057</b>	<b>23,820</b>	<b>12,273</b>	<b>12,564</b>	<b>12,564</b>	<b>12,564</b>	<b>13,444</b>	<b>13,186</b>	<b>14,220</b>
<b>NET ASSETS</b>	<b>66,265</b>	<b>116,711</b>	<b>170,993</b>	<b>156,005</b>	<b>253,484</b>	<b>253,484</b>	<b>253,484</b>	<b>311,286</b>	<b>349,485</b>	<b>388,271</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	65,612	116,093	170,339	155,378	242,800	242,800	242,800	310,568	348,731	387,479
Reserves	653	618	654	627	684	684	684	718	754	792
Minorities' interests										
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>66,265</b>	<b>116,711</b>	<b>170,993</b>	<b>156,005</b>	<b>243,484</b>	<b>243,484</b>	<b>243,484</b>	<b>311,286</b>	<b>349,485</b>	<b>388,271</b>

## 17. LEGISLATION COMPLIANCE STATUS

### 1 Compliance with the MFMA implementation requirements has been substantially adhered to through the following activities:

- **Budget and Treasury Office** - A budget office and Treasury office has been established in accordance with the MFMA.
- **Budgeting** - The annual budget is prepared in accordance with the requirements prescribed by National Treasury and the MFMA.
- **Financial reporting** - 100% compliance with regards to monthly, quarterly and annual reporting to the Mayor, Executive Committee, Council, Provincial and National Treasury.
- **Annual Report** - The annual report is prepared in accordance with the MFMA and National Treasury requirements.
- **Internship Programme** - The Municipality, in participating in the Municipal Finance Management Internship Programme, has employed five interns to undergo training in various finance departments.

## 18. NATIONAL TREASURY DIRECTIVES

Key issues addressed in National Treasury Circular 58,59,66,67,70,72,74 & 75 Municipal Budget Circular for the 2015/2016 MTREF

## 19. CAPITAL EXPENDITURE DETAILS

Table A36

Municipal Vote/Capital project	Program/Project description	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework			Project information	
				Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
R thousand		3								
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>										
<u>OFFICE EQUIPMENT</u>		<i>Furniture and other office equipment</i>	150	23,634	43,562	150	75	75	5	new
<u>COMPUTER EQUIPMENT</u>		<i>Computers - hardware/equipment</i>								
MUNSOFT FIELDWORKER		<i>Computers - hardware/equipment</i>	200			200	–	–	5	new
DESK TOP COMPUTERS X 4		<i>Computers - hardware/equipment</i>								
CORPORATE SERVICES		<i>Computers - hardware/equipment</i>	15			15	–	–	5	new
TECHNICAL SERVICES		<i>Computers - hardware/equipment</i>	15			15	–	–	5	new
FINANCE		<i>Computers - hardware/equipment</i>	30			30	–	–	5	new
LAPTOPS X 3										

CORPORATE SERVICES	Computers - hardware/equipment	15			15	-	-	5	new
TECHNICAL SERVICES	Computers - hardware/equipment	15			15	-	-	5	new
FINANCE	Computers - hardware/equipment	15			15	-	-	5	new
SYSTEM SCOA					185			5	new
<u>RENEWAL EXISTING BUILDINGS</u>									
EKUVUKENI COMMUNITY HALL - WARD 5	Community halls	400			400	420	441	5	renewal
SASSA AND IEC HIRED BUILDINGS - WARD 5	Other Buildings	135			135	142	149	5	renewal
MAKHHASI COMMUNITY HALL - WARD 2	Community halls	340			340	357	375	2	renewal
UITVAAL CRECHE - WARD 2	Other	385			385	404	424	2	renewal
STANFORD CRECHE - WARD 3	Other	510			510	536	562	3	renewal
MNGWENYA CRECHE - WARD 8	Other	325			325	341	358	8	renewal
OQUNGWENI COMMUNITY HALL - WARD 9	Community halls	415			415	436	458	9	renewal
EXCESS TO MUNICIPAL PARKING	Other Buildings	1,000			1,000	-	-	5	renewal
KwaZIMBA ROAD.					5,064			9	
RENEWAL EXISTING ROADS.	Roads, Pavements & Bridges	8,000			8,000	9,000	10,000	1,2,3,4,5,6,7,8,9,10	renewal
EKUVUKENI ROAD.									
EKUVUKENI TAR ROAD .PHASE 4- WARD 5	Roads, Pavements & Bridges	-			-	20,178	-	5	
KwaMHLONGO TO KwaSITHOLE TAR ROAD	Roads, Pavements & Bridges	-			9,300	-	-	1	
Access roads	Roads, Pavements & Bridges	-			-	10,000	-	1,2,3,4,5,6,7,8,9,10	
SPORT FACILITY WARD 1	Sportsfields & stadia	4,000			4,000	-	-	1	
KwaMTEYI HALL	Community halls	2,700			2,700	-	-	8	
ISIBINDI TO DALKOSI ROAD	Roads, Pavements & Bridges	5,000			5,000	-	-	7	
EMANSELENI ROAD ( AFA )	Roads, Pavements & Bridges	-			-	-	-	10	
MULTI PURPOSE CENTRE - WARD 4	Recreational facilities	-			-	-	-	4	
ARTS AND CRAFT CENTRE COMMUNITY PARK - WARD 5	Other	-			-	-	6,200	5	
NOGEJANE HALL - WARD 9	Community halls	2,347			2,347	-	-	9	
OKHOZINI ROAD - WARD 10	Roads, Pavements & Bridges	-			-	2,609	-	10	
ACCES ROADS - WARD 2	Street Lighting	-			-	-	8,800	2	
ACCES ROADS - WARD 3	Roads, Pavements & Bridges	-			-	-	8,890	3	
MACHIIBINI COMMUNITY HALL - WARD 8	Community halls	-			-	-	-	8	
EHLONYANE ROAD - WARD 9	Roads, Pavements & Bridges	-			-	-	-	9	
NQOLENI TO KwaKHOMU ROAD- WARD	Roads, Pavements & Bridges	-			9,640	-	-	10	
INTEGRATED ELECTRIFICATION GRANT ( MUNICIPALITIES )	Transmission & Reticulation	8,000			8,000	-	7,000	1,2,3,4,5,6,7,8,9,10	
Parent Capital expenditure					60,201	44,498	43,732		
Entities: List all capital projects grouped by Entity									
Entity A									

Water project A								
Entity B								
Electricity project B								
Entity Capital expenditure			-	-	-	-	-	
Total Capital expenditure			23,634	43,562	60,201	44,498	43,732	

## 20. OTHER SUPPORTING DOCUMENTS

**Table A1 to A10**

**KZN233 Indaka - Table A1 Budget Summary**

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>										
<b><u>Financial Performance</u></b>										
Property rates	841	1,777	2,189	3,057	3,220	3,220	3,220	3,220	3,364	3,522
Service charges	168	179	222	175	195	195	195	180	190	200
Investment revenue	936	1,790	3,876	2,500	5,000	5,000	5,000	5,000	5,000	5,000
Transfers recognised - operational	57,361	61,826	66,851	71,820	71,524	71,524	71,524	81,911	77,385	74,458
Other own revenue	180	172	216	172	181	181	181	197	198	198
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>59,486</b>	<b>65,744</b>	<b>73,355</b>	<b>77,724</b>	<b>80,121</b>	<b>80,121</b>	<b>80,121</b>	<b>90,508</b>	<b>86,137</b>	<b>83,378</b>
Employee costs	10,001	9,101	9,257	12,854	11,918	11,918	11,918	12,420	13,184	13,956
Remuneration of councillors	4,586	4,780	5,125	5,785	5,785	5,785	5,785	6,002	6,371	6,744
Depreciation & asset impairment	3,346	6,084	9,806	9,750	11,125	11,125	11,125	13,000	13,767	14,538
Finance charges	348	255	214	230	125	125	125	180	191	201
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-
Transfers and grants	5,689	2,503	3,294	1,000	1,000	1,000	1,000	1,000	1,059	1,118
Other expenditure	19,906	13,760	15,406	25,304	27,807	27,807	27,807	27,684	29,318	30,960
<b>Total Expenditure</b>	<b>43,875</b>	<b>36,482</b>	<b>43,102</b>	<b>54,923</b>	<b>57,760</b>	<b>57,760</b>	<b>57,760</b>	<b>60,287</b>	<b>63,890</b>	<b>67,517</b>
<b>Surplus/(Deficit)</b>	<b>15,611</b>	<b>29,261</b>	<b>30,252</b>	<b>22,801</b>	<b>22,361</b>	<b>22,361</b>	<b>22,361</b>	<b>30,221</b>	<b>22,247</b>	<b>15,861</b>
Transfers recognised - capital	20,560	21,218	22,986	31,401	31,401	31,401	31,401	30,051	22,787	30,890
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>36,171</b>	<b>50,479</b>	<b>53,239</b>	<b>54,202</b>	<b>53,762</b>	<b>53,762</b>	<b>53,762</b>	<b>60,272</b>	<b>45,034</b>	<b>46,751</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>36,171</b>	<b>50,479</b>	<b>53,239</b>	<b>54,202</b>	<b>53,762</b>	<b>53,762</b>	<b>53,762</b>	<b>60,272</b>	<b>45,034</b>	<b>46,751</b>
<b><u>Capital expenditure &amp; funds sources</u></b>										
<b>Capital expenditure</b>	<b>23,324</b>	<b>22,822</b>	<b>23,634</b>	<b>44,040</b>	<b>53,562</b>	<b>53,562</b>	<b>53,562</b>	<b>60,201</b>	<b>44,498</b>	<b>43,732</b>
Transfers recognised - capital	20,380	20,776	20,445	31,401	31,401	31,401	31,401	30,051	22,787	30,890
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2,943	2,045	3,189	22,639	22,161	22,161	22,161	30,150	21,711	12,842
<b>Total sources of capital funds</b>	<b>23,324</b>	<b>22,822</b>	<b>23,634</b>	<b>54,040</b>	<b>53,562</b>	<b>53,562</b>	<b>53,562</b>	<b>60,201</b>	<b>44,498</b>	<b>43,732</b>
<b><u>Financial position</u></b>										
Total current assets	30,549	67,819	106,002	52,746	135,190	135,190	135,190	146,671	154,881	165,506
Total non current assets	57,561	73,949	88,810	115,532	130,858	130,858	130,858	178,059	207,790	236,984
Total current liabilities	17,219	20,446	18,912	6,560	7,637	7,637	7,637	8,417	8,047	8,957
Total non current liabilities	4,625	4,612	4,907	5,713	4,927	4,927	4,927	5,027	5,139	5,262
Community wealth/Equity	66,265	116,711	170,993	156,005	243,484	243,484	243,484	311,286	349,485	388,271
<b><u>Cash flows</u></b>										
Net cash from (used) operating	46,956	57,770	64,435	28,984	41,826	41,826	41,826	72,708	58,103	60,455
Net cash from (used) investing	(20,559)	(22,561)	(23,605)	(44,040)	(33,562)	(33,562)	(33,562)	(60,201)	(43,498)	(43,732)



Net cash from (used) financing	105	(335)	(364)	(169)	(169)	(169)	(169)	(190)	(190)	(190)
Cash/cash equivalents at the year end	27,883	62,758	103,173	49,297	132,055	132,055	132,055	144,372	158,788	175,321
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	28,138	62,758	103,174	49,297	132,055	132,055	132,055	144,372	152,487	162,752
Application of cash and investments	(19,430)	(177,741)	16,736	5,868	7,690	7,690	7,690	8,433	8,226	9,204
Balance - surplus (shortfall)	47,567	240,499	86,438	43,429	124,366	124,366	124,366	135,939	144,261	153,548
<b>Asset management</b>										
Asset register summary (WDV)	56,612	89,493	88,810	115,532	130,858	130,858	178,059	178,059	197,605	226,799
Depreciation & asset impairment	3,346	6,084	9,806	9,750	11,125	11,125	13,000	13,000	13,767	14,538
Renewal of Existing Assets	-	15,053	21,004	36,747	40,821	40,821	40,821	11,510	11,636	12,767
Repairs and Maintenance	-	386	-	1,540	1,200	1,200	1,128	1,128	1,195	1,261
<b>Free services</b>										
Cost of Free Basic Services provided	47	47	47	47	47	47	47	47	47	47
Revenue cost of free services provided	-	-	3,423	3,236	3,236	3,236	3,837	3,837	3,837	3,837
<b>Households below minimum service level</b>										
Water:	7	7	7	7	7	7	7	7	7	7
Sanitation/sewerage:	5	5	5	5	5	5	5	5	5	5
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	20	20	20	20	20	20	20	20	20	20

KZN233 Indaka - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>									
<i>Governance and administration</i>	58,637	65,744	72,592	76,399	78,946	78,946	88,570	85,149	82,338
Executive and council	1,408	2,491	3,139	3,646	3,646	3,646	3,823	4,000	4,181
Budget and treasury office	56,912	62,990	68,939	72,072	74,765	74,765	84,624	81,026	78,035
Corporate services	318	263	514	681	535	535	123	123	123
<i>Community and public safety</i>	-	-	-	-	-	-	758	798	840
Community and social services	-	-	-	-	-	-	758	798	840
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	21,409	21,218	23,749	22,551	32,401	32,401	31,051	22,787	30,890
Planning and development	-	-	-	-	-	-	-	-	-
Road transport	21,409	21,218	23,749	22,551	32,401	32,401	31,051	22,787	30,890
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	-	-	-	175	175	175	180	190	200
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	175	175	175	180	190	200
<i>Other</i>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>80,046</b>	<b>86,962</b>	<b>96,341</b>	<b>99,125</b>	<b>111,522</b>	<b>111,522</b>	<b>120,559</b>	<b>108,923</b>	<b>114,268</b>
<b>Expenditure - Standard</b>									
<i>Governance and administration</i>	29,864	26,930	33,617	40,733	45,117	45,117	47,603	50,446	53,307
Executive and council	6,108	7,553	8,345	9,716	9,586	9,586	10,124	10,740	11,361
Budget and treasury office	12,454	12,724	16,121	15,688	21,622	21,622	24,427	25,876	27,334
Corporate services	11,303	6,653	9,150	15,329	13,909	13,909	13,053	13,830	14,612
<i>Community and public safety</i>	-	-	-	-	-	-	1,667	1,767	1,868
Community and social services	-	-	-	-	-	-	1,667	1,767	1,868
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-

Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>14,012</b>	<b>9,552</b>	<b>9,486</b>	<b>14,190</b>	<b>12,643</b>	<b>12,643</b>	<b>9,806</b>	<b>10,395</b>	<b>10,989</b>
Planning and development	3,012	1,329	2,343	2,302	1,947	1,947	1,211	1,285	1,359
Road transport	11,000	8,222	7,143	11,888	10,696	10,696	8,595	9,110	9,630
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,210</b>	<b>1,281</b>	<b>1,353</b>
Electricity	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	1,210	1,281	1,353
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Standard</b>	<b>43,875</b>	<b>36,482</b>	<b>43,102</b>	<b>54,923</b>	<b>57,760</b>	<b>57,760</b>	<b>60,287</b>	<b>63,890</b>	<b>67,517</b>
<b>Surplus/(Deficit) for the year</b>	<b>36,171</b>	<b>50,479</b>	<b>53,239</b>	<b>44,202</b>	<b>53,762</b>	<b>53,762</b>	<b>60,272</b>	<b>45,034</b>	<b>46,751</b>

KZN233 Indaka - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>									
Vote 1 - Council & Executive	1,408	2,491	3,139	3,646	3,646	3,646	3,823	4,000	4,181
Vote 2 - Budget & Treasury	56,912	62,990	68,939	72,072	74,765	74,765	84,624	81,026	78,035
Vote 3 - Corporate Services	318	263	514	681	535	535	123	123	123
Vote 4 - Community Services	-	-	-	-	-	-	758	798	840
Vote 5 - Development & Planning	-	-	-	-	-	-	-	-	-
Vote 6 - Roads	21,409	21,218	23,749	22,551	32,401	32,401	31,051	22,787	30,890
Vote 7 - Waste Management	-	-	-	175	175	175	180	190	200
Vote 8 - Electrification	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>80,046</b>	<b>86,962</b>	<b>96,341</b>	<b>99,125</b>	<b>111,522</b>	<b>111,522</b>	<b>120,559</b>	<b>108,923</b>	<b>114,268</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Council & Executive	6,108	7,553	8,345	9,716	9,586	9,586	10,124	10,740	11,361
Vote 2 - Budget & Treasury	12,454	12,724	16,121	15,688	21,622	21,622	24,427	25,876	27,334
Vote 3 - Corporate Services	11,303	6,653	9,150	15,329	13,909	13,909	13,053	13,830	14,612
Vote 4 - Community Services	-	-	-	-	-	-	1,667	1,767	1,868
Vote 5 - Development & Planning	3,012	1,329	2,343	2,302	1,947	1,947	1,211	1,285	1,359
Vote 6 - Roads	11,000	8,222	7,143	11,888	10,696	10,696	8,595	9,110	9,630
Vote 7 - Waste Management	-	-	-	-	-	-	1,210	1,281	1,353
Vote 8 - Electrification	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>43,875</b>	<b>36,482</b>	<b>43,102</b>	<b>54,923</b>	<b>57,760</b>	<b>57,760</b>	<b>60,287</b>	<b>63,890</b>	<b>67,517</b>
<b>Surplus/(Deficit) for the year</b>	<b>36,171</b>	<b>50,479</b>	<b>53,239</b>	<b>44,202</b>	<b>53,762</b>	<b>53,762</b>	<b>60,272</b>	<b>45,034</b>	<b>46,751</b>

KZN233 Indaka - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18

<b>Revenue By Source</b>										
Property rates	841	1,777	2,189	3,057	3,220	3,220	3,220	3,220	3,364	3,522
Property rates - penalties & collection charges										
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	222	175	195	195	195	180	190	200
Service charges - other	168	179								
Rental of facilities and equipment	61	77	103	94	103	103	103	127	127	127
Interest earned - external investments	936	1,790	3,876	2,500	5,000	5,000	5,000	5,000	5,000	5,000
Interest earned - outstanding debtors										
Dividends received										
Fines										
Licences and permits										
Agency services										
Transfers recognised - operational	57,361	61,826	66,851	71,820	71,524	71,524	71,524	81,911	77,385	74,458
Other revenue	119	95	113	78	78	78	78	70	71	71
Gains on disposal of PPE										
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>59,486</b>	<b>65,744</b>	<b>73,355</b>	<b>77,724</b>	<b>80,121</b>	<b>80,121</b>	<b>80,121</b>	<b>90,508</b>	<b>86,137</b>	<b>83,378</b>
<b>Expenditure By Type</b>										
Employee related costs	10,001	9,101	9,257	12,854	11,918	11,918	11,918	12,420	13,184	13,956
Remuneration of councillors	4,586	4,780	5,125	5,785	5,785	5,785	5,785	6,002	6,371	6,744
Debt impairment	385	590	619	700	700	700	700	700	741	783
Depreciation & asset impairment	3,346	6,084	9,806	9,750	11,125	11,125	11,125	13,000	13,767	14,538
Finance charges	348	255	214	230	125	125	125	180	191	201
Bulk purchases	-	-	-	-	-	-	-	-	-	-
Other materials										
Contracted services	4,900	4,619	5,050	4,790	8,128	8,128	8,128	8,246	8,733	9,222
Transfers and grants	5,689	2,503	3,294	1,000	1,000	1,000	1,000	1,000	1,059	1,118
Other expenditure	14,620	8,551	9,737	19,814	18,979	18,979	18,979	18,738	19,844	20,955
Loss on disposal of PPE										
<b>Total Expenditure</b>	<b>43,875</b>	<b>36,482</b>	<b>43,102</b>	<b>54,923</b>	<b>57,760</b>	<b>57,760</b>	<b>57,760</b>	<b>60,287</b>	<b>63,890</b>	<b>67,517</b>
<b>Surplus/(Deficit)</b>	<b>15,611</b>	<b>29,261</b>	<b>30,252</b>	<b>22,801</b>	<b>22,361</b>	<b>22,361</b>	<b>22,361</b>	<b>30,221</b>	<b>22,247</b>	<b>15,861</b>
Transfers recognised - capital	20,560	21,218	22,986	31,401	31,401	31,401	31,401	30,051	22,787	30,890
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributed assets										
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>36,171</b>	<b>50,479</b>	<b>53,239</b>	<b>54,202</b>	<b>53,762</b>	<b>53,762</b>	<b>53,762</b>	<b>60,272</b>	<b>45,034</b>	<b>46,751</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>	<b>36,171</b>	<b>50,479</b>	<b>53,239</b>	<b>54,202</b>	<b>53,762</b>	<b>53,762</b>	<b>53,762</b>	<b>60,272</b>	<b>45,034</b>	<b>46,751</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>	<b>36,171</b>	<b>50,479</b>	<b>53,239</b>	<b>54,202</b>	<b>53,762</b>	<b>53,762</b>	<b>53,762</b>	<b>60,272</b>	<b>45,034</b>	<b>46,751</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/(Deficit) for the year</b>	<b>36,171</b>	<b>50,479</b>	<b>53,239</b>	<b>54,202</b>	<b>53,762</b>	<b>53,762</b>	<b>53,762</b>	<b>60,272</b>	<b>45,034</b>	<b>46,751</b>

KZN233 Indaka - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description  R thousand	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure - Vote</b>										
<b><u>Multi-year expenditure to be appropriated</u></b>										
Vote 1 - Council & Executive	2,285	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	771	-	1,643	-	500	500	500	1,135	142	149
Vote 4 - Community Services	-	-	-	-	-	-	-	2,375	2,494	2,618
Vote 5 - Development & Planning	-	-	-	-	-	-	-	-	-	-
Vote 6 - Roads	20,059	22,712	19,361	40,576	40,321	40,321	40,321	8,000	9,000	10,000
Vote 7 - Waste Management	-	-	-	-	-	-	-	-	-	-
Vote 8 - Electrification	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>23,115</b>	<b>22,712</b>	<b>21,004</b>	<b>40,576</b>	<b>40,821</b>	<b>40,821</b>	<b>40,821</b>	<b>11,510</b>	<b>11,636</b>	<b>12,767</b>
<b><u>Single-year expenditure to be appropriated</u></b>										
Vote 1 - Council & Executive	-	-	21	49	-	-	-	-	-	-
Vote 2 - Budget & Treasury	191	70	303	430	559	559	559	430	-	-
Vote 3 - Corporate Services	11	40	564	61	7,957	7,957	7,957	30	-	-
Vote 4 - Community Services	-	-	-	-	-	-	-	9,197	75	6,275
Vote 5 - Development & Planning	7	-	-	24	-	-	-	-	-	-
Vote 6 - Roads	-	-	1,741	2,900	4,225	4,225	4,225	31,034	32,787	17,690
Vote 7 - Waste Management	-	-	-	-	-	-	-	-	-	-
Vote 8 - Electrification	-	-	-	-	-	-	-	8,000	-	7,000
<b>Capital single-year expenditure sub-total</b>	<b>209</b>	<b>110</b>	<b>2,630</b>	<b>3,464</b>	<b>12,741</b>	<b>12,741</b>	<b>12,741</b>	<b>48,691</b>	<b>32,862</b>	<b>30,965</b>
<b>Total Capital Expenditure - Vote</b>	<b>23,324</b>	<b>22,822</b>	<b>23,634</b>	<b>44,040</b>	<b>53,562</b>	<b>53,562</b>	<b>53,562</b>	<b>60,201</b>	<b>44,498</b>	<b>43,732</b>
<b>Capital Expenditure - Standard</b>										
<b><u>Governance and administration</u></b>	<b>1,133</b>	<b>1,955</b>	<b>2,532</b>	<b>540</b>	<b>9,016</b>	<b>9,016</b>	<b>9,016</b>	<b>1,595</b>	<b>142</b>	<b>149</b>
Executive and council	172	6	21	49	-	-	-	-	-	-
Budget and treasury office	191	63	303	430	559	559	559	430	-	-
Corporate services	771	1,886	2,208	61	8,457	8,457	8,457	1,165	142	149
<b><u>Community and public safety</u></b>	<b>2,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,572</b>	<b>2,569</b>	<b>8,893</b>
Community and social services	2,114	-	-	-	-	-	-	7,572	2,569	8,893
Sport and recreation	-	-	-	-	-	-	-	4,000	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Housing	11	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
<b><u>Economic and environmental services</u></b>	<b>14,032</b>	<b>20,866</b>	<b>21,102</b>	<b>43,500</b>	<b>44,546</b>	<b>44,546</b>	<b>44,546</b>	<b>39,034</b>	<b>41,787</b>	<b>27,690</b>
Planning and development	7	-	-	24	-	-	-	-	-	-
Road transport	14,025	20,866	21,102	43,476	44,546	44,546	44,546	39,034	41,787	27,690
Environmental protection	-	-	-	-	-	-	-	-	-	-
<b><u>Trading services</u></b>	<b>6,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,000</b>	<b>-</b>	<b>7,000</b>
Electricity	6,033	-	-	-	-	-	-	8,000	-	7,000
Water	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-
<b><u>Other</u></b>										
<b>Total Capital Expenditure - Standard</b>	<b>23,324</b>	<b>22,822</b>	<b>23,634</b>	<b>44,040</b>	<b>53,562</b>	<b>53,562</b>	<b>53,562</b>	<b>60,201</b>	<b>44,498</b>	<b>43,732</b>
<b><u>Funded by:</u></b>										
National Government	20,380	20,776	20,445	31,401	31,401	31,401	31,401	30,051	22,787	30,890
Provincial Government	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-

Transfers recognised - capital	20,380	20,776	20,445	31,401	31,401	31,401	31,401	30,051	22,787	30,890
Public contributions & donations										
Borrowing										
Internally generated funds	2,943	2,045	3,189	22,639	22,161	22,161	22,161	30,150	21,711	12,842
<b>Total Capital Funding</b>	<b>23,324</b>	<b>22,822</b>	<b>23,634</b>	<b>54,040</b>	<b>53,562</b>	<b>53,562</b>	<b>53,562</b>	<b>60,201</b>	<b>44,498</b>	<b>43,732</b>

#### KZN233 Indaka - Table A6 Budgeted Financial Position

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>ASSETS</b>										
<b>Current assets</b>										
Cash	1,581	20,743	60,826	9,367	9,367	9,367	9,367	4,388	12,487	12,752
Call investment deposits	26,303	42,014	42,348	39,930	122,688	122,688	122,688	139,984	140,000	150,000
Consumer debtors	244	1,221	1,779	1,313	999	999	999	1,191	1,486	1,897
Other debtors	285	3,666	980	1,888	1,888	1,888	1,888	980	850	785
Current portion of long-term receivables	2,082									
Inventory	54	175	69	248	248	248	248	128	58	72
<b>Total current assets</b>	<b>30,549</b>	<b>67,819</b>	<b>106,002</b>	<b>52,746</b>	<b>135,190</b>	<b>135,190</b>	<b>135,190</b>	<b>146,671</b>	<b>154,881</b>	<b>165,506</b>
<b>Non current assets</b>										
Long-term receivables										
Investments	254									
Investment property		277								
Investment in Associate										
Property, plant and equipment	56,613	72,986	88,810	115,532	130,858	130,858	130,858	178,059	207,790	236,984
Agricultural										
Biological	677									
Intangible	17	10								
Other non-current assets		677								
<b>Total non current assets</b>	<b>57,561</b>	<b>73,949</b>	<b>88,810</b>	<b>115,532</b>	<b>130,858</b>	<b>130,858</b>	<b>130,858</b>	<b>178,059</b>	<b>207,790</b>	<b>236,984</b>
<b>TOTAL ASSETS</b>	<b>88,109</b>	<b>141,769</b>	<b>194,812</b>	<b>168,278</b>	<b>266,048</b>	<b>266,048</b>	<b>266,048</b>	<b>324,730</b>	<b>362,671</b>	<b>402,490</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing	436	364	271	169	182	182	182	190	190	190
Consumer deposits	1	6	6	6	6	6	6			
Trade and other payables	16,531	19,507	18,452	5,885	7,376	7,376	7,376	8,227	7,857	8,767
Provisions	250	569	183	500	73	73	73			
<b>Total current liabilities</b>	<b>17,219</b>	<b>20,446</b>	<b>18,912</b>	<b>6,560</b>	<b>7,637</b>	<b>7,637</b>	<b>7,637</b>	<b>8,417</b>	<b>8,047</b>	<b>8,957</b>
<b>Non current liabilities</b>										
Borrowing	4,124	3,760	3,489	3,497	3,397	3,397	3,397	3,297	3,197	3,097
Provisions	501	852	1,419	2,215	1,530	1,530	1,530	1,730	1,942	2,165
<b>Total non current liabilities</b>	<b>4,625</b>	<b>4,612</b>	<b>4,907</b>	<b>5,713</b>	<b>4,927</b>	<b>4,927</b>	<b>4,927</b>	<b>5,027</b>	<b>5,139</b>	<b>5,262</b>
<b>TOTAL LIABILITIES</b>	<b>21,844</b>	<b>25,057</b>	<b>23,820</b>	<b>12,273</b>	<b>12,564</b>	<b>12,564</b>	<b>12,564</b>	<b>13,444</b>	<b>13,186</b>	<b>14,220</b>
<b>NET ASSETS</b>	<b>66,265</b>	<b>116,711</b>	<b>170,993</b>	<b>156,005</b>	<b>253,484</b>	<b>253,484</b>	<b>253,484</b>	<b>311,286</b>	<b>349,485</b>	<b>388,271</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)	65,612	116,093	170,339	155,378	242,800	242,800	242,800	310,568	348,731	387,479
Reserves	653	618	654	627	684	684	684	718	754	792
Minorities' interests										
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>66,265</b>	<b>116,711</b>	<b>170,993</b>	<b>156,005</b>	<b>243,484</b>	<b>243,484</b>	<b>243,484</b>	<b>311,286</b>	<b>349,485</b>	<b>388,271</b>

KZN233 Indaka - Table A7 Budgeted Cash Flows

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates, penalties & collection charges	80,796	85,878	1,521	1,556	2,501	2,501	2,501	2,320	2,320	2,320
Service charges	-	-						8	8	8
Other revenue		-	113					197	198	198
Government - operating	936	1,790	66,851	71,820	71,524	71,524	71,524	81,921	77,385	74,458
Government - capital			22,986	21,401	21,401	21,401	21,401	30,051	22,787	30,890
Interest			3,876	2,500	5,000	5,000	5,000	5,000	5,000	5,000
Dividends								-	-	-
<b>Payments</b>										
Suppliers and employees	(34,422)	(29,142)	(27,405)	(67,063)	(57,475)	(57,475)	(57,475)	(45,609)	(48,345)	(51,100)
Finance charges	(354)	(255)	(214)	(230)	(125)	(125)	(125)	(180)	(191)	(201)
Transfers and Grants	-	(502)	(3,294)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,059)	(1,118)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>46,956</b>	<b>57,770</b>	<b>64,435</b>	<b>28,984</b>	<b>41,826</b>	<b>41,826</b>	<b>41,826</b>	<b>72,708</b>	<b>58,103</b>	<b>60,455</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		261						-	-	-
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivables								-	-	-
Decrease (increase) in non-current investments								-	-	-
<b>Payments</b>										
Capital assets	(20,559)	(22,822)	(23,605)	(44,040)	(33,562)	(33,562)	(33,562)	(60,201)	(43,498)	(43,732)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(20,559)</b>	<b>(22,561)</b>	<b>(23,605)</b>	<b>(44,040)</b>	<b>(33,562)</b>	<b>(33,562)</b>	<b>(33,562)</b>	<b>(60,201)</b>	<b>(43,498)</b>	<b>(43,732)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-	-	-
Borrowing long term/refinancing	501	(161)	(169)					-	-	-
Increase (decrease) in consumer deposits								-	-	-
<b>Payments</b>										
Repayment of borrowing	(396)	(174)	(195)	(169)	(169)	(169)	(169)	(190)	(190)	(190)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>105</b>	<b>(335)</b>	<b>(364)</b>	<b>(169)</b>	<b>(169)</b>	<b>(169)</b>	<b>(169)</b>	<b>(190)</b>	<b>(190)</b>	<b>(190)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>26,502</b>	<b>34,874</b>	<b>40,465</b>	<b>(15,225)</b>	<b>8,095</b>	<b>8,095</b>	<b>8,095</b>	<b>12,317</b>	<b>14,416</b>	<b>16,533</b>
Cash/cash equivalents at the year begin:	1,382	27,883	62,708	64,523	123,961	123,961	123,961	132,055	144,372	158,788
Cash/cash equivalents at the year end:	27,883	62,758	103,173	49,297	132,055	132,055	132,055	144,372	158,788	175,321

KZN233 Indaka - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>										
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	27,883	62,758	103,173	49,297	132,055	132,055	132,055	144,372	158,788	175,321
Other current investments > 90 days	0	(0)	0	(0)	(0)	(0)	(0)	(0)	(6,301)	(12,569)
Non current assets - Investments	254	-	-	-	-	-	-	-	-	-

Cash and investments available:	28,138	62,758	103,174	49,297	132,055	132,055	132,055	144,372	152,487	162,752
<b>Application of cash and investments</b>										
Unspent conditional transfers	8,292	9,834	934	1,987	1,987	1,987	1,987	1,987	1,987	1,987
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements										
Other working capital requirements	(27,722)	(187,575)	15,802	2,435	3,382	3,382	3,382	4,716	4,297	5,051
Other provisions				819	1,636	1,636	1,636	1,730	1,942	2,165
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments				627	684	684	684			
<b>Total Application of cash and investments:</b>	<b>(19,430)</b>	<b>(177,741)</b>	<b>16,736</b>	<b>5,868</b>	<b>7,690</b>	<b>7,690</b>	<b>7,690</b>	<b>8,433</b>	<b>8,226</b>	<b>9,204</b>
<b>Surplus(shortfall)</b>	<b>47,567</b>	<b>240,499</b>	<b>86,438</b>	<b>43,429</b>	<b>124,366</b>	<b>124,366</b>	<b>124,366</b>	<b>135,939</b>	<b>144,261</b>	<b>153,548</b>

### KZN233 Indaka - Table A9 Asset Management

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>									
<b>CAPITAL EXPENDITURE</b>									
<b><u>Total New Assets</u></b>	<b>23,324</b>	<b>7,768</b>	<b>2,630</b>	<b>7,293</b>	<b>12,741</b>	<b>12,741</b>	<b>48,691</b>	<b>32,862</b>	<b>24,765</b>
Infrastructure - Road transport	13,837	1,252	-	-	-	-	31,004	32,787	17,690
Infrastructure - Electricity	6,033	4,722	1,550	2,400	2,525	2,525	8,000	-	7,000
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	1,700	1,700	1,700	-	-	-
Infrastructure	19,871	5,973	1,550	4,100	4,225	4,225	39,004	32,787	24,690
Community	2,114	1,189	289	2,604	7,707	7,707	9,047	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	512	-	-	-	-	-	-	-	-
Other assets	827	606	621	589	809	809	640	75	75
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	170	-	-	-	-	-	-
<b><u>Total Renewal of Existing Assets</u></b>	<b>-</b>	<b>15,053</b>	<b>21,004</b>	<b>36,747</b>	<b>40,821</b>	<b>40,821</b>	<b>11,510</b>	<b>11,636</b>	<b>12,767</b>
Infrastructure - Road transport	-	14,885	19,361	33,747	40,321	40,321	8,000	9,000	10,000
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	14,885	19,361	33,747	40,321	40,321	8,000	9,000	10,000
Community	-	-	1,027	2,000	200	200	2,375	2,494	2,618
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	135	142	149
Other assets	-	169	616	1,000	300	300	1,000	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
<b><u>Total Capital Expenditure</u></b>	<b>13,837</b>	<b>16,136</b>	<b>19,361</b>	<b>33,747</b>	<b>40,321</b>	<b>40,321</b>	<b>39,004</b>	<b>41,787</b>	<b>27,690</b>
Infrastructure - Road transport	13,837	16,136	19,361	33,747	40,321	40,321	39,004	41,787	27,690
Infrastructure - Electricity	6,033	4,722	1,550	2,400	2,525	2,525	8,000	-	7,000
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	1,700	1,700	1,700	-	-	-
Infrastructure	19,871	20,858	20,911	37,847	44,546	44,546	47,004	41,787	34,690
Community	2,114	1,189	1,316	4,604	7,907	7,907	11,422	2,494	2,618
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	512	-	-	-	-	-	135	142	149
Other assets	827	775	1,237	1,589	1,109	1,109	1,640	75	75

Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	170	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>23,324</b>	<b>22,822</b>	<b>23,634</b>	<b>44,040</b>	<b>53,562</b>	<b>53,562</b>	<b>60,201</b>	<b>44,498</b>	<b>37,532</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Road transport	55,918	89,206	54,618	149,550	130,585	130,585	114,750	197,605	226,799
Infrastructure - Electricity			11,837				21,487		
Infrastructure - Water									
Infrastructure - Sanitation									
Infrastructure - Other				(34,018)	273	273	184		
Infrastructure	55,918	89,206	66,455	115,532	130,858	130,858	136,420	197,605	226,799
Community			11,285				29,705		
Heritage assets									
Investment properties	-	277	-	-	-	-	-	-	-
Other assets			11,071				11,934		
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	677	-	-	-	-	-	-	-	-
Intangibles	17	10	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>56,612</b>	<b>89,493</b>	<b>88,810</b>	<b>115,532</b>	<b>130,858</b>	<b>130,858</b>	<b>178,059</b>	<b>197,605</b>	<b>226,799</b>
<b>EXPENDITURE OTHER ITEMS</b>									
Depreciation & asset impairment	3,346	6,084	9,806	9,750	11,125	11,125	13,000	13,767	14,538
Repairs and Maintenance by Asset Class	-	386	-	1,540	1,200	1,200	1,128	1,195	1,261
Infrastructure - Road transport	-	113	-	250	130	130	100	106	112
Infrastructure - Electricity	-	-	-	100	100	100	100	106	112
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	113	-	350	230	230	200	212	224
Community	-	-	-	25	25	25	70	74	78
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	274	-	1,165	945	945	858	909	960
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>3,346</b>	<b>6,470</b>	<b>9,806</b>	<b>11,290</b>	<b>12,325</b>	<b>12,325</b>	<b>14,128</b>	<b>14,962</b>	<b>15,799</b>
Renewal of Existing Assets as % of total capex	0.0%	66.0%	88.9%	83.4%	76.2%	76.2%	19.1%	26.1%	34.0%
Renewal of Existing Assets as % of deprecn"	0.0%	247.4%	214.2%	376.9%	366.9%	366.9%	88.5%	84.5%	87.8%
R&M as a % of PPE	0.0%	0.5%	0.0%	1.3%	0.9%	0.9%	0.6%	0.6%	0.5%
Renewal and R&M as a % of PPE	0.0%	17.0%	24.0%	33.0%	32.0%	32.0%	7.0%	6.0%	6.0%

KZN233 Indaka - Table A10 Basic service delivery measurement

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>									
<u>Water:</u>									
Piped water inside dwelling	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120
Piped water inside yard (but not in dwelling)	9,145	9,145	9,145	9,145	9,145	9,145	9,145	9,145	9,145
Using public tap (at least min.service level)	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405
Other water supply (at least min.service level)	477	477	477	477	477	477	477	477	477
Minimum Service Level and Above sub-total	13,147	13,147	13,147	13,147	13,147	13,147	13,147	13,147	13,147
Using public tap (< min.service level)	298	298	298	298	298	298	298	298	298
Other water supply (< min.service level)	216	216	216	216	216	216	216	216	216
No water supply	6,410	6,410	6,410	6,410	6,410	6,410	6,410	6,410	6,410
Below Minimum Service Level sub-total	6,924	6,924	6,924	6,924	6,924	6,924	6,924	6,924	6,924
<b>Total number of households</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704	2,704



Flush toilet (with septic tank)	193	193	193	193	193	193	193	193	193
Chemical toilet	435	435	435	435	435	435	435	435	435
Pit toilet (ventilated)	6,051	6,051	6,051	6,051	6,051	6,051	6,051	6,051	6,051
Other toilet provisions (> min.service level)	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
<i>Minimum Service Level and Above sub-total</i>	15,183	15,183	15,183	15,183	15,183	15,183	15,183	15,183	15,183
Bucket toilet	182	182	182	182	182	182	182	182	182
Other toilet provisions (< min.service level)	912	912	912	912	912	912	912	912	912
No toilet provisions	3,795	3,795	3,795	3,795	3,795	3,795	3,795	3,795	3,795
<i>Below Minimum Service Level sub-total</i>	4,889	4,889	4,889	4,889	4,889	4,889	4,889	4,889	4,889
<b>Total number of households</b>	<b>20,072</b>	<b>20,072</b>	<b>20,072</b>	<b>20,072</b>	<b>20,072</b>	<b>20,072</b>	<b>20,072</b>	<b>20,072</b>	<b>20,072</b>
<b><u>Energy:</u></b>									
Electricity (at least min.service level)	11,680	11,680	11,680	11,680	11,680	11,680	11,680	11,680	11,680
Electricity - prepaid (min.service level)									
<i>Minimum Service Level and Above sub-total</i>	11,680	11,680	11,680	11,680	11,680	11,680	11,680	11,680	11,680
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>11,680</b>	<b>11,680</b>	<b>11,680</b>	<b>11,680</b>	<b>11,680</b>	<b>11,680</b>	<b>11,680</b>	<b>11,680</b>	<b>11,680</b>
<b><u>Refuse:</u></b>									
Removed at least once a week									
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693	2,693
Using communal refuse dump	383	383	383	383	383	383	383	383	383
Using own refuse dump	11,905	11,905	11,905	11,905	11,905	11,905	11,905	11,905	11,905
Other rubbish disposal	105	105	105	105	105	105	105	105	105
No rubbish disposal	4,985	4,985	4,985	4,985	4,985	4,985	4,985	4,985	4,985
<i>Below Minimum Service Level sub-total</i>	20,071	20,071	20,071	20,071	20,071	20,071	20,071	20,071	20,071
<b>Total number of households</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>	<b>20,071</b>
<b><u>Households receiving Free Basic Service</u></b>									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-
Sanitation (free minimum level service)									
Electricity/other energy (50kwh per household per month)	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408
Refuse (removed at least once a week)	2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,807	2,807
<b><u>Cost of Free Basic Services provided (R'000)</u></b>									
Water (6 kilolitres per household per month)									
Sanitation (free sanitation service)									
Electricity/other energy (50kwh per household per month)	47	47	47	47	47	47	47	47	47
Refuse (removed once a week)									
<b>Total cost of FBS provided (minimum social package)</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
<b><u>Highest level of free service provided</u></b>									
Property rates (R value threshold)	45,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000
Water (kilolitres per household per month)				-					
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50	50
Refuse (average litres per week)									
<b><u>Revenue cost of free services provided (R'000)</u></b>									
Property rates (R15 000 threshold rebate)			567	632	632	632	632	632	632
Property rates (other exemptions, reductions and rebates)			2,359	2,604	2,604	2,604	2,205	2,205	2,205
Water	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Electricity/other energy	-	-	-	-	-	-	1,000	1,000	1,000
Refuse			496						
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total revenue cost of free services provided (total social package)</b>	<b>-</b>	<b>-</b>	<b>3,423</b>	<b>3,236</b>	<b>3,236</b>	<b>3,236</b>	<b>3,837</b>	<b>3,837</b>	<b>3,837</b>

## **Municipal manager's quality certificate**

I ...MUSA ISAAC MBONA..., acting municipal manager of Indaka Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Acting Municipal Manager of Indaka Local Municipality KZN 233

Signature \_\_\_\_\_

Date \_\_\_\_\_